Registered—No. M. 1175.

109

MAY 22 1925

The Mysore Gazette.

Vol. 60.] PUBLISHED BY AUTHORITY. [No. 21.

BANGALORE, THURSDAY, MAY 21, 1925.

PART I.

IMPORTANT GOVERNMENT ORDERS.

REVENUE SECRETARIAT.

Central Industrial Workshop.

READ—

Government Order No. 3005-55—I. & C. 144-16-2, dated 17th September 1917, sanctioning the starting of a Central Industrial Workshop in Bangalore under the control of the Department of Industries and Commerce.

2. Government Order No. 8601-2—I. & C. 146-20-18, dated 11th March 1921, directing the examination of the working of the Central Industrial Workshop by an outside expert with a view to find out how best it could be improved and developed.

3. Unofficial Note dated 14th November 1921, by the Director of Industries and Commerce expressing his views for the improvement of the working of the concern.

4. Correspondence ending with letter No. Mis. 551, dated 12th June 1922, from the Director of Industries and Commerce in regard to the excess expenditure incurred on the buildings of the Workshop over and above the sanctioned estimates.

5. Government Order No. 5773-4—I. & C. 139-21, dated 15th May 1922, directing, with certain observations, the writing off of the losses sustained by the several industrial concerns and ordering the revaluation of their fixed and floating assets.

6. Letter No. G. C. 428, dated 28th July 1922, from the Director of Industries and Commerce, submitting his proposals for the revaluation of the machinery and tools and the buildings of the Workshop.

7. Letter No. G. C. 428, dated 21st August 1922, from the same officer, submitting proposals for the revaluation of the "work in process" as on 30th June 1922.

8. Correspondence ending with letter No. O. C. 2979, dated 8th September 1922, from the same officer, submitting proposals for the revision of the scale of establishment for the Central Industrial Workshop.

9. Correspondence ending with letter No. O. C. 1316, dated 11th September 1922, from the same officer, submitting his proposals regarding the system to be adopted, monthly wages or daily wages, for the artizans and cooly labour employed in the Workshop.

10. Correspondence ending with letter No. 1078—I. A. D. dated 12th June 1924, from the Comptroller, forwarding after verification, a revised proposition statement received from the Director of Industries and Commerce for revision of the staff of the Central Industrial Workshop.

ORDER No. I. C. 7425-84—I. & C. 70-22-14, DATED 5TH MAY 1925.

In 1917, Government decided that in view of the development of industrial activity in the State, a Central Industrial Workshop should be organised with a view to manufacture and supply to the people simple machines needed by them, to undertake important repairs of machinery already set up and to carry on experiments so design and adapt machinery to local requirements. It was also laid down that arrangement should be made to give practical training in the Workshop to students of the Mechanical Engineering School and others fit for advanced training. The Workshop was ordered to be worked on strictly commercial lines; and the buildings and machinery belonging to the old Public Works Workshop valued at Rs. 1,05,841 were transferred to the Department of Industries as a nucleus for the Central Industrial Workshop.

2. From the half-yearly balance sheets and audit reports it is found that the Workshop has been working at a loss from the very commencement, the total loss up to the 31st December 1922 being Rs. 3,32,989-13-8.

3. With a view to improve the working of the concern, Government obtained a report from the Director of Industries and Commerce and directed in their Order No. 5773-4—I. & C. 139-21, dated 15th May 1922, that the entire losses incurred up to that date be written off the accounts, that the fixed and floating assets be revalued afresh and that interest and depreciation charges be calculated in future on such revalued capital cost. Government further ordered that no credit be given in the general revenue account for any profit over and above the interest on the capital so revalued, and that such profits be funded separately and utilised for meeting losses in future working and for the expansion of the concern. The Director of Industries and Commerce has accordingly had the capital assests of the concern, revalued as follows:—

	Book value			Proposed value			Difference		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
(i) Machinery and tools ...	123,565	3	3	72,739	0	0	—50,826	3	3
(ii) Furniture ..	2,693	0	0	1,820	0	0	—873	0	0
(iii) Work in process ...	1,02,443	3	4	58,045	14	2	—44,397	5	2
(iv) Buildings ..	1,65,527	1	9	1,44,883	13	5	—2,0643	4	4
Total ...	...			...			—1,16,739	12	9

4. With regard to the buildings, the Director of Industries and Commerce has proposed that instead of the workshop being required to pay interest on the revised valuation, a rent of Rs. 200 may be debited to the workshop account for the buildings utilised for the workshop and Rs. 100 charged for the portion used for the Office of the Director of Industries and Commerce.

5. At the time of the formation of the Central Industrial Workshop, the average monthly cost of establishment amounted to Rs. 1,058. The scale was enhanced in G. O. No. 9608-9—I. C. 31-18-12, dated 31st March 1919, to Rs. 1,511-5-4 per mensem. Additions to the establishment were subsequently sanctioned by Government from time to time and the Director of Industries and Commerce has now sent up proposals for a revision of the existing establishment which are expected to result in a saving of Rs. $314\frac{1}{18}$ per month or of Rs. $3,768\frac{2}{3}$ per annum as detailed in the annexed statement.

6. As regards labour employed prior to 1918, the workmen about 300 in number were paid daily wages or on piece work. In 1918, the Director recommended to Government that this system was unsatisfactory as it afforded no incentive to good work and did not provide for recognising long service and suggested that about 100 trained men might be entertained on consolidated monthly pay as noted below:—

(i) 18 men on Rs. 40—1—60
(ii) 30 men on Rs. 35—1—40
(iii) 52 men on Rs. 15—1—25

They were to be given no extra allowance for overtime work. The formation of a Provident Fund was also recommended for the benefit of these workmen who were to subscribe one anna per rupee of their pay, Government undertaking to contribute 50 per cent of the amount paid from the Workshop accounts. The remaining men were proposed to be treated as temporary employees, varying in number according to the exigencies of work and paid daily wages. Government in their Order No. 5792-3—I. & C. 284-17-8, dated the 23rd December 1918, sanctioned the above proposals subject to the condition

that should the Central Industrial Workshop be abolished or the scope of its operations reduced, the services of the men on fixed pay would be liable to termination at the discretion of Government. This system was found in practice to involve heavy expenditure, compared with the work turned out. Further there was not enough work on hand to keep all the men fully engaged and so the Director suggested that the system of consolidated monthly pay might be replaced by the system of paying wages, with the benefits of the Provident Fund Scheme.

7. Government subsequently considered that all artizan and cooly labour should be paid daily wages, the system of monthly wages being adopted only in the case of employees of the Foreman class who should be placed on a non-pensionable basis and given the benefit of a Provident Fund. The payment of bonus towards the Provident Fund for the benefit of employees was also held to be unjustifiable when the concern was uniformly working at a loss. In the light of these views, the Director has proposed the following labour establishment to be entertained on the wages system, taking 25 days as normal working period in a month:—

2 hands on Rs.	2	2	0	a day	...	...	4	4	0
1 hand on Rs.	2	6	0	a day	...	...	2	6	0
1 ,,	2	11	0	,,	...	...	2	11	0
3 ,,	1	15	0	,,	...	...	5	13	0
2 ,,	1	13	0	,,	...	...	3	10	0
1 ,,	1	12	0	,,	...	...	1	12	0
1 ,,	1	11	0	,,	...	...	1	11	0
2 ,,	1	9	0	,,	...	...	3	2	0
2 ,,	1	7	0	,,	...	...	2	14	0
3 ,,	1	6	0	,,	...	...	4	2	0
1 ,,	1	4	0	,,	...	...	1	4	0
					Total	...	33	9	0

He has also proposed that the amount at the credit of the Provident Fund with a contribution of 50 per cent may be refunded to the persons concerned.

8. *Working capital.*—The manufacturing work of the Workshop is not carried on in accordance with any definite programme and steps are not being taken to realise outstandings promptly. According to the figures available, the total amount drawn from the treasury up to the end of June 1922, on the revenue account was Rs. 178,103 as against a limit of Rs. 147,915 sanctioned by Government from time to time. The whole of this amount is locked up in the shape of finished goods, work in process, book debts and stores. From time to time demands for additional funds have been received. The position disclosed having been found to be very unsatisfactory, Government in their Order No. I. C. 712-13—I. & C 161-21-4, dated 27th July 1922, requested the Director to submit proposals in the matter of fixing the limit of working capital for the concern, with due regard to all relevant factors, such as gross output, average sales, minimum value of raw materials and stock to be maintained on hand, etc. The Director's report has recently been received. The heavy outstandings form a very disquieting feature of the working of the concern. Some of the accounts are outstanding from the time the workshop was tranferred to the control of the Department and in many cases, the claims are disputed by the parties concerned. Another unsatisfactory feature is the manufacture of articles for stock which are either not readily saleable, or not saleable at all and consequently the working capital to this extent is locked up.

9. The recommendations of the Director of Industries and Commerce in this respect are:—

(i) To dispose of the finished goods as quickly as possible by reducing their prices with due regard to the present market value of such articles.

(ii) All articles manufactured prior to July 1922 to be shown under a separate head in the accounts, the amounts being adjusted as realised, and

(iii) credit for working capital being given to the extent of the assets against(ii).

10. In a later communication dated 5th July 1923, the Director has proposed a programme of work for the Workshop providing for a gross output of Rs. 1¼ lakhs and he has suggested that the Government Departments should be asked to provide the major portion of the work which the Workshop would be able to execute at favourable rates.

11. *Review of the various proposals made and orders thereon.*—The present position of the workshop and the proposal made by the Director in connection with it having been recapitulated above, Government will now proceed to pass orders on his recommendations.

12. Government have recognised that the Workshop should be relieved of the heavy handicap in the shape of inflated fixed assets and work in process and have accordingly directed a fresh valuation of its assets. This has been done and the excess value as already been written down as loss during the half-year ending 30th June 1922. For the

future the valuation suggested by the Director in para 5 above will be adopted, the difference between the book value and the value proposed by the Director being written off the accounts. A rent of two hundred rupees per mensem will be debited to the Workshop account for the buildings utilised for the Workshop. For the portion of the buildings occupied by the Director's office, however, the workshop will be given credit for a rent of Rs. 100 per mensem.

13. The revision of the scale of establishment in the manner suggested by the Director at para 5 above is sanctioned. Orders have already issued in Government Order No. I. C. 1074-5—I. & C. 295-25-5, dated 18th August 1924, placing the Industrial Engineer in charge of the Central Industrial Workshop half his pay being debited to the Workshop, setting free the Superintendent for being posted to the charge of a Division.

14. The recommendation of the Director at para 7 above to abolish the cadre of workmen paid by monthly wages and the substitution of a daily rated staff is sanctioned, the Provident Fund subscription already collected being refunded only to subscribers who actually leave service, with a contribution equal to 50% of the subscriptions till now collected. The proposal to reduce the number of non-working days is also approved. The Director is also authorised to entertain whenever necessary, additional temporary establishment not exceeding Rs. 600 per annum to provide for the execution of works which cannot be entrusted to men employed on daily wages, every case for the entertainment of a person for a period exceeding 3 months being reported immediately for the information of Government.

15. As regards the provision of working capital, the Director has already been asked to arrange for a rapid realisation of book debts in order to release the capital thus locked up and he has been informed that no additional grants for working capital can be made. He should take immediate action to carry out the instructions of the Government conveyed in their order dated 27th July 1922. Vigorous measures should be adopted to dispose of all surplus finished and unfinished stock on hand and to realise the heavy arrears outstanding against the Departments of Government as well as against Government officers and private persons.

16. The Workshop is at present intended to serve three distinct purposes:—

(1) To repair, manufacture and supply articles and machinery for Government Departments, as well as to private individuals.

(2) To afford facilities for training to mechanics.

(3) To conduct experiments.

If the concern is to be worked on purely commercial lines, as it should be, it is necessary that the charges incurred on items (2) and (3) should be separately shown in the accounts and should not be debited to the accounts of the Workshop proper.

The Director is requested to submit definite proposals to give effect to this suggestion.

17. With regard to the future management of the Workshop, Government desire that the following instructions should be kept in view and strictly adhered to in future:—

(i) Articles should be manufactured as far as possible only against firm orders and deposits amounting to 25% of the value of the orders should ordinarily be taken before the work is commenced.

(ii) Work done for Government Departments should be only against grants actually provided in the budget estimates of those Departments.

(iii) Manufacture of articles for stock to keep the concern going, should be confined only to such articles as can confidently be expected to find a ready sale.

(iv) Credit should not ordinarily be allowed for more than a month and in no case for more than three months. Prompt recoveries of outstandings against Government Departments as well as private parties should be effected. The Superintendent will be held liable for any loss which may be caused to Government by failure to take timely action for the recovery of the dues.

(v) The machinery, implements and other articles made in the Workshop including those made for stock should be sufficiently advertised by the issue of descriptive catalogues, if need be, and sales agents appointed, if necessary, with the sanction of Government, for pushing on rapidly the sales of the articles in stock.

(vi) Repairs to private motor cars should not be undertaken in the Workshop. Similarly, other works for the execution of which, by private firms, there are reasonable facilities in the City, should not ordinarily be undertaken in the Workshop for private individuals.

18. With the writing down of the capital cost and the revaluation of the stock on hand, the disposal of all superfluous machinery and stock, the change in the methods of work as indicated above and above all, with the clean balance sheet with which the concern will operate in future, Government trust that it will be possible to run the concern on a sound and commercial basis in the future, and to place it on a self-supporting, if not a profit-earning basis.

B. NAGAPPA,
Revenue Secretary (in charge).